

agreement actionable as a violation of Article III, Section 1 of the Rules of Fair Practice. The amendment is limited to settlement agreements that have been reduced to writing and have been executed. The amendment, therefore, will not encompass unexecuted settlements.

## 2. Use of Revocation Procedures

In 1993, the NASD amended Article VI, Section 3 of the By-laws to specify that a membership or registration could be suspended or cancelled on fifteen (15) days notice for failing to honor an arbitration award rendered in an NASD arbitration. The use of such an expedited or "revocation" proceeding was limited to awards in NASD sponsored proceedings because the NASD's oversight of the arbitration process provided greater assurance about the awards that would be enforced in such proceedings.<sup>4</sup>

The NASD believes that the failure by a member or an associated person of a member to honor settlement agreements entered into in connection with an arbitration proceeding or mediation sponsored by the NASD should be subject to the same revocation proceedings as are arbitration awards. Accordingly, the NASD is also proposing to amend Article VI, Section 3 of the By-Laws to specify that membership or registration can be suspended or cancelled on fifteen (15) days notice for failing to honor a settlement agreement obtained in connection with an NASD arbitration or mediation. The action of the NASD under Article VI, Section 3 of the By-Laws with respect to failure to honor settlement agreements will be conducted as a revocation proceeding pursuant to the provisions of Article VI of the Code of Procedure, which provides an opportunity for review of the NASD's action upon written request of the member or associated person.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act<sup>5</sup> in that forcing members or associated persons of a member to abide by settlement agreements entered into in

compromise of a dispute pending in arbitration or mediation will enhance the effectiveness of arbitration and mediation as alternative dispute resolution forums and eliminate the unfair impact and waste of resources experienced by the public, other litigants and the arbitration/mediation forum that results from the failure to honor a settlement agreement.

### (B) Self-Regulatory Organization's Statement on Burden on Competition

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

### (C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at

the principal office of the NASD. All submissions should refer to file number SR-NASD-95-20 and should be submitted by July 11, 1995.

For the Commission, by the Division of Market Regulations, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-14979 Filed 6-19-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21135; 812-9616]

## National Equity Trust, et al.; Notice of Application

June 14, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of application for exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** National Equity Trust and Prudential Securities Incorporated ("Prudential").

**RELEVANT ACT SECTIONS:** Order requested under sections 6(c) and 17(b) of the Act that would exempt applicants from section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to permit a terminating series of a unit investment trust to sell portfolio securities to a new series of the trust.

**FILING DATE:** The application was filed on May 26, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 10, 1995 and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, c/o Prudential Securities Incorporated, Unit Trust Department, One New York Plaza, New York, New York 10292, Attn.: Kenneth Swankie.

**FOR FURTHER INFORMATION CONTACT:** Deepak T. Pai, Staff Attorney, at (202) 942-0574, or Robert A. Robertson,

<sup>4</sup> Revocation proceedings initiated under Article VI, Section 3 of the By-Laws are conducted pursuant to Article VI of the NASD's Code of Procedure. As such they are subject to review by a hearing panel upon request of the member or associated person. The use of Article VI of the Code of Procedure for such proceedings was initiated in connection with the NASD's adoption of an amendment to Article VI, Section 3 of the By-Laws relating to failure to pay arbitration awards. See, SR-NASD-91-73, approved by the SEC in Securities Exchange Act Release No. 31763 (January 28, 1993).

<sup>5</sup> 15 U.S.C. 78o-3.

<sup>6</sup> 17 CFR 200.30-3(a)(12).

Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

### Applicants' Representations

1. National Equity Trust, a unit investment trust registered under the Act, consists of several series (each a "Series"). All of the Series currently outstanding are Low 5 Series ("Low 5 Series"). Prudential is the Series' sponsor. Applicants request that the relief sought herein apply to future Series for which Prudential serves as sponsor.

2. The investment objective of each Low 5 Series is total return through investment in certain stocks from among those comprising the entire related index ("Index") (e.g., the Dow Jones Industrial Average). Each Low 5 Series acquires approximately equal values of the five lowest dollar price per share stocks of the ten stocks in the Index having the highest dividend yields as of a specified date ("Select Five") and holds those stocks for approximately one year. Prudential intends that, as each Low 5 Series terminates, a new Series based on the appropriate Index will be offered for the next year.

3. Each Series has or will have a date (a "Rollover Date") on which holders of units in that Series (a "Rollover Series") may at their option redeem their units in the Rollover Series and receive in return units of a subsequent Series of the same type (a "New Series") which is created on or about the Rollover Date, and has a portfolio which contains securities ("Qualified Securities"). Qualified Securities are securities that are (a) actively traded (*i.e.*, have had an average daily trading volume in the preceding six months of at least 500 shares equal in value to at least 25,000 United States dollars) on an exchange (a "Qualified Exchange") which is either (i) a national securities exchange which meets the qualifications of section 6 of the Securities Exchange Act of 1934 or (ii) a foreign securities exchange which meets the qualifications set out in the proposed amendment to rule 12d3-1(d)(6) under the Act as proposed by the SEC and which releases daily closing prices, and (b) included in an Index.

4. There is normally some overlap from one year to the next in the stocks having the highest dividend yields in an Index and, therefore, between the portfolio of a Rollover Series and the New Series. In the case of the Select 5

on January 1, 1994 as compared to the Select 5 on January 1, 1995, two of the five securities were the same. Prudential estimates that the brokerage charge on a purchase or sale transaction averages approximately 5 cents a share. Prudential anticipates that substantial savings of commissions can be realized if a Series can purchase securities directly from a prior Series rather than using the open market as an intermediary between the two Series. Applicants, therefore, request an exemptive order to permit any Rollover Series to sell portfolio securities to a New Series and a New Series to purchase those securities.

5. In order to minimize overreaching, applicants agree that Prudential will certify to the trustee, within five days of each sale from a Rollover Series to a New Series, (a) that the transaction is consistent with the policy of both the Rollover Series and the New Series, as recited in their respective registration statements and reports filed under the Act, (b) the date of such transaction, and (c) the closing sales price on the Qualified Exchange for the sale date of the securities subject to such sale. The trustee will then countersign the certificate, unless, in the unlikely event that the trustee disagrees with the closing sales price listed on the certificate, the trustee immediately informs Prudential orally of any such disagreement and returns the certificate within five days to Prudential with corrections duly noted. Upon Prudential's receipt of a corrected certificate, if Prudential can verify the corrected price by reference to an independently published list of closing prices for the date of the transactions, Prudential will ensure that the price of units of the New Series, and distributions to holders of the Rollover Series with regard to redemption of their units or termination of the Rollover Series, accurately reflect the corrected price. To the extent that Prudential disagrees with the trustee's corrected price, Prudential and the trustee will jointly determine the correct sales price by reference to a mutually agreeable, independently published list of closing sales prices for the date of the transaction.

### Applicants' Legal Analysis

1. Section 17(a) of the Act generally makes it unlawful for an affiliated person of a registered investment company to sell securities to or purchase securities from the company. Investment companies under common control may be considered affiliates of one another. The Series may be under

common control because they have Prudential as a sponsor.

2. Pursuant to section 17(b), the SEC may exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act. Under section 6(c), the SEC may exempt classes of transactions if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants believe that the proposed transactions satisfy the requirements of sections 6(c) and 17(b).

3. Rule 17a-7 under the Act permits registered investment companies that might be deemed affiliates solely by reason of common investment advisers, directors, and/or officers, to purchase securities from or sell securities to one another at an independently determined price, provided certain conditions are met. Paragraph (e) of the rule requires an investment company's board of directors to adopt and monitor procedures for these transactions to assure compliance with the rule. A unit investment trust does not have a board of directors and, therefore, may not rely on the rule. Applicants represent that they will comply with all of the provisions of rule 17a-7, other than paragraph (e).

4. Applicants represent that purchases and sales between Series will be consistent with the policy of the Series, as only securities that would otherwise be bought and sold on the open market pursuant to the policy of each Series will be involved in the proposed transactions. Applicants further believe that the practice of buying and selling on the open market leads to unnecessary brokerage fees on sales of securities and is therefore contrary not only to the policies of the Series but to the general purposes of the Act.

### Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Each sale of Qualified Securities by a Rollover Series to a New Series will be effected at the closing price of the securities sold on a Qualified Exchange on the sale date, without any brokerage charges or other remuneration except customary transfer fees, if any.

2. The nature and conditions of such transactions will be fully disclosed to investors in the appropriate prospectus of each future Rollover Series and New Series.

3. The trustee of each Rollover Series and New Series will (a) review the procedures relating to the sale of securities from a Rollover Series and the purchase of securities for deposit in a New Series and (b) make such changes to the procedures as the trustee deems necessary that are reasonably designed to comply with paragraphs (a) through (d) of rule 17a-7.

4. A written copy of the procedures and a written record of each transaction will be maintained as provided in rule 17a-7(f).

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 95-15043 Filed 6-19-95; 8:45 am]

BILLING CODE 8010-01-M

## SELECTIVE SERVICE SYSTEM

### Form Submitted to the Office of Management and Budget for Clearance

The following form has been submitted to the Office of Management and Budget (OMB) for clearance in compliance with the Paperwork Reduction Act (44 U.S.C. Chapter 35):

#### SSS Form—404

*Title:* Potential Board Member Information.

*Need and or Use:* Is used to identify individuals willing to serve as members of local, appeal or review boards in the Selective Service System.

*Respondents:* Potential board members.

*Burden:* A burden of 15 minutes or less on the individual respondent.

Copies of the above identified form can be obtained upon written request to the Selective Service System, Reports Clearance Officer, 1515 Wilson Boulevard, Arlington, VA 22209-2425.

Written comments and recommendations for the proposed extension of clearance of the form should be sent within 30 days of publication of this notice to the Selective Service System, Reports Clearance Officer, 1515 Wilson Boulevard, Arlington, VA 22209-2425.

A copy of the comments should be sent to Office of Information and Regulatory Affairs, Attention: Desk Officer, Selective Service System, Office of Management and Budget, New

Executive Office Building, Room 3235, Washington, DC 20503.

Dated: June 12, 1995.

**Gil Coronado,**  
*Director.*

[FR Doc. 95-14958 Filed 6-19-95; 8:45 am]

BILLING CODE 8015-01-M

## SMALL BUSINESS ADMINISTRATION

[Application No. 99000169]

### CF Investment Co.; Notice of Filing of an Application for a License to operate as a Small Business Investment Company

Notice is hereby given of the filing of an application with the Small Business Administration (SBA) pursuant to Section 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1994)) by CF Investment Company, at 102 South Main Street, Greenville, South Carolina 29601 for a license to operate as a small business investment company (SBIC) under the Small Business Investment Act of 1958, as amended, (15 U.S.C. et seq.), and the Rules and Regulations promulgated thereunder.

CF Investment Company, a South Carolina corporation, is a wholly owned subsidiary of Carolina First Corporation, a bank holding company. The applicant's officers will be William S. Hummers III (President), Catherine W. Batson (Secretary), and Mary M. Gentry (Treasurer). All three of these individuals are officers of Carolina First Corporation and/or Carolina First Bank, and each has extensive experience in banking, finance, and investment analysis.

CF Investment Company will begin operations with committed capital of \$2.5 million, with another \$1.5 million or more available to the applicant from Carolina First Corporation as investment opportunities arise. CF Investment Company's entire \$2.5 million of initial private capital is being contributed by Carolina First Corporation, its sole shareholder, by means of a private placement. Accordingly, the following shareholder will own 10 percent or more of the proposed SBIC:

Name: Carolina First Corporation, 102 South Main Street, Greenville, South Carolina 29601.

Percentage of ownership: 100%.

CF Investment Company is being formed primarily as a vehicle for investment in small enterprises that engaged in businesses that relate to, but do not directly constitute, banking or financial services. The applicant will be a source of debt and equity financing for

qualified small business concerns that are based in South Carolina or that serve South Carolina. The applicant does not plan to seek financing from the SBA.

Matters involved in SBA's consideration of the application include the general business reputation and character of the proposed owners and management, and the probability of successful operations of the new company under their management, including profitability and financial soundness in accordance with the Act and Regulations.

Notice is hereby given that any person may, not later than 15 days from the date of publication of this Notice, submit written comments on the proposed SBIC to the Associate Administrator for Investment, Small Business Administration, 409 3rd Street, SW., Washington, DC 20416.

A copy of this Notice will be published in a newspaper of general circulation in Greenville, South Carolina.

(Catalog of Federal Domestic Assistance Programs No. 59.011, Small Business Investment Companies).

Dated: June 13, 1995.

**Robert D. Stillman,**  
*Associate Administrator for Investment.*

[FR Doc. 95-15010 Filed 6-19-95; 8:45 am]

BILLING CODE 8025-01-M

### Javelin Capital Fund, L.P.; Notice of Filing of an Application for a License To Operate as a Small Business Investment Company

[Application No. 99000170]

Notice is hereby given of the filing of an application with the Small Business Administration (SBA) pursuant to section 107.102 of the Regulation governing small business investment companies (13 CFR 107.102 (1994)) by Javelin Capital Fund, L.P. at 1075 13th Street South, Birmingham, Alabama 35205 for a license to operate as a small business investment company (SBIC) under the Small Business Investment Act of 1958, as amended, (15 U.S.C. et seq.), and the Rules and Regulations promulgated thereunder. Its principal area of operation will generally be in the South and Southeast portion of the United States.

Javelin Capital Fund, L.P., a Delaware limited partnership, will be managed by Tullis-Dickerson & Company, Inc., a Delaware S-Corporation, and JVP, LLC, a Delaware Limited Liability Company and sole general partner of the applicant. The executive officers of Tullis-Dickerson & Company, Inc. and the General Partner will be Lyle A.